



General Assembly

February Session, 2014

Raised Bill No. 5365

LCO No. 790



Referred to Committee on INSURANCE AND REAL ESTATE

Introduced by:
(INS)

AN ACT CONCERNING SURPLUS LINES INSURANCE POLICIES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 38a-745 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2014*):

3 Each insurance policy issued pursuant to sections 38a-741 to 38a-
4 744, inclusive, as amended by this act, and 38a-794 by a surplus lines
5 insurer shall bear on its cover, in not less than twelve-point boldface
6 type in capital letters, the following:

7 NOTICE

8 THIS IS A SURPLUS LINES POLICY AND IS NOT PROTECTED BY
9 THE CONNECTICUT INSURANCE GUARANTY ASSOCIATION OR
10 SUBJECT TO REVIEW BY THE CONNECTICUT INSURANCE
11 DEPARTMENT. IT IS IMPORTANT THAT YOU READ AND
12 UNDERSTAND THIS POLICY.

13 Sec. 2. Section 38a-741 of the 2014 supplement to the general statutes
14 is repealed and the following is substituted in lieu thereof (*Effective*

15 *October 1, 2014*):

16 (a) The commissioner shall maintain on a current basis a list of those
17 lines of insurance or their components for which coverages are
18 believed by the commissioner to be generally unavailable from
19 licensed insurers. The commissioner shall republish the list and make
20 it available to all licensees every six months. Any person may request
21 in writing that the commissioner add or remove a line of insurance or
22 its component from the current list at the next publication of the list.
23 The commissioner's determinations of lines of insurance or their
24 components to be added to or removed from the list shall not be
25 subject to chapter 54 provided prior to making determinations, the
26 commissioner shall provide opportunity for comments from interested
27 persons.

28 (b) (1) [When] Except as provided in subdivision (2) of this
29 subsection, when any policy of insurance is procured or renewed
30 under the authority of such license providing a line of insurance or its
31 component that does not, on the effective date of coverage, appear on
32 the current published list, both the licensee and the insured shall write
33 signed statements setting forth facts showing that such licensee and
34 such insured were unable after diligent effort to procure, from any
35 authorized insurer or insurers, the full amount of insurance required to
36 protect the interest of such insured, and further showing (A) that the
37 amount of insurance procured from an unauthorized insurer or
38 insurers is only the excess over the amount so procurable from
39 authorized insurers, (B) the type of policy, and (C) if such policy is for
40 real property, the location of such property. Such licensee shall file
41 such signed statements in electronic format with the commissioner on
42 February fifteenth, May fifteenth, August fifteenth and November
43 fifteenth of each year.

44 (2) The provisions of subdivision (1) of this subsection shall not
45 apply to (A) any such policy providing or including flood insurance,
46 including flood insurance procured from the National Flood Insurance

47 Program, or (B) any policy of insurance procured under the authority
48 of such license for an insured that is an exempt commercial purchaser,
49 as defined in Section 527 of the Dodd-Frank Wall Street Reform and
50 Consumer Protection Act, P.L. 111-203, as amended from time to time,
51 provided [(A)] (i) the surplus lines broker has disclosed to such exempt
52 commercial purchaser that such insurance may or may not be available
53 from an authorized insurer, that may provide greater protection with
54 more regulatory oversight, and [(B)] (ii) such exempt commercial
55 purchaser has subsequently requested such broker, in writing, to
56 procure such policy from an unauthorized insurer.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2014	38a-745
Sec. 2	October 1, 2014	38a-741

Section 1	October 1, 2014	38a-745
Sec. 2	October 1, 2014	38a-741

Statement of Purpose:

To add language to the disclosure statement required on the cover of a surplus lines insurance policy form and to specify that the signed statement provisions in subsection (b) of section 38a-741 of the general statutes are not applicable to flood insurance policies.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]